

## Message Text

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14

ACTION NEA-13

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 USIA-15 PRS-01 DRC-01

/182 W

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R 211355Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9162

INFO AMEMBASSY ISLAMABAD

OECD PARIS 1071

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 1003

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: WORLD BANK ATTITUDE ON INDIAN DEBT RESCHEDULING

1. WE HAVE BEEN TALKING TO THE WORLD BANK PEOPLE HERE IN DELHI ABOUT WHAT THE BANK IS THINKING AND DOING ABOUT THE NEXT ROUND OF INDIAN DEBT RESCHEDULING.

2. WE HAVE LEARNED THAT THE BANK IS CURRENTLY WORKING ON A PAPER ON DEBT RESCHEDULING FOR THE FIFTH PLAN PERIOD. THIS PAPER IS EXPECTED TO BE CIRCULATED TO CONSORTIUM DONORS IN THE LATTER HALF OF FEBRUARY. THE BANK IS THINKING OF HOLDING A PRELIMINARY MEETING IN EARLY APRIL TO DISCUSS THE PAPER. A SECOND WORKING GROUP MEETING WILL BE HELD IN MAY IF IT IS CONSIDERED NECESSARY. FINAL CONSIDERATION OF THE BANK'S PROPOSAL WILL TAKE PLACE AT THE REGULAR MEETING OF THE INDIAN CONSORTIUM

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WHICH IS SCHEDULED TO TAKE PLACE JUNE 12-14.

3. ALTHOUGH IT IS TOO EARLY TO SAY WHAT THE BANK WILL PROPOSE, DISCUSSIONS WITH BANK PERSONNEL HERE IN DELHI INDICATE THAT THE BANK WILL PROPOSE A MULTI-YEAR DEBT RESCHEDULING TO COINCIDE WITH THE FIFTH PLAN PERIOD. EACH CONSORTIUM COUNTRY WILL BE ASKED TO RESCHEDULE A FIXED PERCENTAGE OF THE DEBT SERVICE DUE TO IT DURING EACH INDIAN FISCAL YEAR. THE PERCENTAGE RESCHEDULED WILL BE THE SAME FOR ALL COUNTRIES AND WILL NOT TAKE INTO CONSIDERATION ANY SOFTNESS OR HARDNESS OF PAST LENDING TERMS. THE BANK IS THINKING OF ASKING CREDITORS TO RESCHEDULE AT LEAST 50 PERCENT OF THE SERVICE DUE AND MAY EVEN SUGGEST A HIGHER PERCENTAGE IN VIEW OF THE CURRENT PETROLEUM CRISIS. THE BANK WILL UNDOUBTEDLY SUGGEST THAT CONSORTIUM MEMBERS GO ALONG WITH A RESCHEDULING WHETHER OR NOT NON-CONSORTIUM MEMBERS PARTICIPATE. FROM WHAT WE CAN GATHER HERE, THE BANK IS ALSO NOT LIKELY TO REVERSE ITS LONG STANDING POSITION AGAINST PARTICIPATING IN THE RESCHEDULING ITSELF.

4. AS EXPECTED, THESE POSITIONS ARE AT VARIANCE WITH UNITED STATES POLICY AS IT HAS DEVELOPED, AND ARE ALSO SOFTER THAN SOME OTHER CONSORTIUM COUNTRIES ARE LIKELY TO ACCEPT. OUR COLLEAGUES IN OTHER CONSORTIUM COUNTRY EMBASSIES IN HIGH COMMISSIONS SUGGEST TO US THAT NOT ALL OF THE BANK'S IDEAS ARE UNIVERSALLY SHARED. IN PARTICULAR, OUR COLLEAGUES DO NOT EXPECT FIVE YEAR RESCHEDULING TO BE ACCEPTABLE TO THE CONSORTIUM. SCHNEIDER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVELOPMENT LOANS, GOVERNMENT DEBTS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** WORLD BANK ATTITUDE ON INDIAN DEBT RESCHEDULING  
**TAGS:** EFIN, IN, WORLD BANK  
**To:** STATE  
**Type:** TE  
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